

## VERMONT EMPLOYMENT GROWTH INCENTIVE (VEGI)

The State of Vermont offers incentives for business recruitment, growth, and expansion through the Vermont Employment Growth Incentive program (VEGI). The VEGI program can provide a cash payment, based on new job and payroll creation, to companies that have been authorized to earn the incentive. Authorization can occur through application to the Vermont Economic Progress Council, who must determine:

- If the economic activity would not occur or would occur in a significantly different and significantly less desirable manner without the incentive (But For);
- If the economic activity will generate more new revenue for the state than is foregone through the incentive (cost-benefit modeling); and
- If the company and economic activity meet a set of “quality control” guidelines.

The incentive amount is based on the economic and fiscal impact of qualifying new jobs and payroll and capital investments made by the applicant for a period of up to five years. The resulting net revenue impact is used to calculate a percentage, which is then applied against the qualifying new payroll of the net new qualifying jobs, the product of which is the incentive amount for that year.

Approval can occur in two phases: Initial and Final. The performance targets of this program are very strict. Therefore, it is extremely important that the job, payroll and capital investment projections included in the applications are as accurate as possible. The Council may approve an Initial Application if the But For and Program Guidelines are met, and approve an incentive amount based on initial data from the company. This will allow companies the ability to meet the But For when they are at a point of project development that might not include definitive employment and payroll data. If an application is given Initial Approval, the applicant must subsequently file a Final Application and get Final Approval of the incentive amount. The applicant sets the targets that must be met to earn an incentive when a Final Application is filed and approved. An applicant may also file a Final Application without filing an Initial Application.

If approved for incentives, to actually earn the incentive amount for a given year the company must maintain or increase their base payroll, meet their projected new qualified payroll target, and meet either their net new qualified jobs target or their qualified capital investment target. If performance targets are achieved in an incentive year, the incentive amount earned is the product of the payroll for the net new qualifying jobs (less background growth) multiplied by the incentive percentage. The company is paid a fifth of the incentive earned that year and then a fifth every subsequent four years if the new jobs and payroll are maintained.

### **Contact Us:**

**Fred Kenney**

Executive Director

Ph: (802) 828-5256

[fred.kenney@state.vt.us](mailto:fred.kenney@state.vt.us)

**Or Go To: [www.thinkvermont.com/vepc](http://www.thinkvermont.com/vepc)**